



SB 1000 - HB 1351

April 6, 2021

SUMMARY OF ORIGINAL BILL: Requires each institution governed by the board of regents or a state university board to make the grievance procedure for its support staff employees available on its website.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006734): Deletes all language after the enacting clause. Prohibits a public institution of higher education (institution) from: (1) preventing a student athlete from earning compensation as a result of the use of the student athlete's name, image, or likeness (NIL); (2) preventing a student athlete from obtaining professional representation in relation to contracts or legal matters; (3) entering into a contract that prevents a student athlete from using the student athlete's NIL when the student athlete is not engaged in official activities associated with the institution or an institution's athletic team; and (4) providing a prospective student athlete with compensation in relation to the student athlete's NIL.

Requires a student athlete who earns compensation for the use of the student's NIL to disclose the agreement with the institution in which they are enrolled, at a time and in a manner designated by the institution. Prohibits a student athlete from involvement in NIL activities that promote gambling, tobacco, alcohol, and adult entertainment.

Prohibits a student athlete from entering into an agreement that provides compensation to the student athlete for use of the student athlete's NIL if a provision of the agreement is in conflict with a provision of the student athlete's team's existing agreements.

Specifies that an institution is prohibited from affecting a student's scholarship eligibility if a student is earning compensation from the use of a student's NIL. Requires institutions to conduct a financial literacy workshop for student athletes during the athlete's first full-time term of enrollment. Requires the workshop cover, at a minimum, information related to budgeting, and debt management. Authorizes an institution to contract with qualified persons or entities to conduct the workshop. Effective January 1, 2022.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Approximately \$45,000,000 in recurring funding for the University of Tennessee (UT) Knoxville may be jeopardized, beginning in FY21-22, due to noncompliance with current National Collegiate Athletic Association’s (NCAA) regulations. The total amount that may be jeopardized for the other two UT institutions and the Locally Governed Institutions (LGIs) is reasonably estimated to exceed \$10,000,000 per year. In addition, there may be a recurring decrease in state revenue for UT institutions and LGIs if institutions are unable to compete in certain athletic events resulting in additional losses to ticket sales, merchandise sales, donations, and licensing agreements. Any loss of funding for UT or the LGIs is dependent upon future action by the NCAA.

Assumptions for the bill as amended:

- Pursuant to Article 12 of the current NCAA bylaws, a student athlete is prohibited from being compensated for use of his or her name, image, or likeness, and from being represented by a sports agent.
- As of April 28, 2020, the following exceptions were approved by the Board of Governors as eligible for compensation:
 - Third-party endorsements related to athletics, without school or conference involvement; and
 - Student-athlete opportunities, such as social media, new businesses, and personal appearances, without institutional involvement or the use of trademarks/logos.
- The Board of Governors further directed each of the NCAA’s three divisions to update relevant bylaws and policies by January 2021; however, to date, no update to relevant bylaws or policies concerning the name, image, and likeness of student-athletes has occurred within any division.
- Passage of the proposed legislation may put each institution in direct violation of the NCAA and affiliate athletic association such as the Southeastern Conference, Ohio Valley Conference, and Southern Conference rules and regulations, which could jeopardize funding to each institution. Further, it is assumed that institutions found in violation would be ineligible to compete in the NCAA or affiliate athletic associations and as a result, lose revenue received from such competitions.
- Based on information provided by the University of Tennessee (UT), the total amount of annual Southeastern Conference funding for UT Knoxville is approximately \$45,000,000.
- The total amount that may be jeopardized for the other two UT institutions and the locally-governed institutions (LGIs) for noncompliance with NCAA regulations is reasonably estimated to exceed \$10,000,000 per year.
- There may be an additional decrease in state revenue for UT institutions and LGIs if institutions are unable to compete in certain athletic events, resulting in significant losses to ticket sales, merchandise sales, donations, licensing agreements, and broadcasting agreements.

- Any loss in funding for UT or the LGIs is dependent upon future action by the NCAA, which may also be impacted by rulings in current court cases.
- In *Alston v. NCAA*, the court ruling found that the NCAA could not limit non-cash compensation for education-related expenses. Cash or cash-equivalent awards for academic purposes may be limited. The ruling was upheld by the 9th U.S. Circuit Court of Appeals in May 2020, a decision subsequently appealed by the NCAA and the American Athletic Conference. The Supreme Court will ultimately decide the case, with arguments scheduled to be heard on March 31st, 2021. It is unknown how the outcome of this case may impact any future action by the NCAA.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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